

The **Qualified Defense and Space Contractor Tax Refund** is a tool to preserve and grow Florida's high technology employment base – giving Florida a competitive edge as defense, homeland security or space business contractors acquire new contracts or subcontracts, consolidate contracts or subcontracts or convert contracts to commercial production.

Pre-approved applicants who create or retain jobs in Florida receive tax refunds of \$3,000 per net new full-time equivalent Florida job created; \$6,000 in an Enterprise Zone or Rural County. For businesses paying 150 percent of the average annual wage, add \$1,000 per job; for businesses paying 200 percent of the average annual salary, add \$2,000 per job.

If approved, an applicant may receive refunds on taxes it pays related to the project. This includes corporate income, sales, ad valorem, intangible personal property, and certain other taxes. Up to 25 percent of the total refund may be taken per year as long as the business is maintaining employment and wage levels at the agreed upon level or higher. No more than \$2.5 million in tax refunds may be received in any fiscal year.



## Eligibility

In order to participate, a company must apply to Enterprise Florida prior to making a decision to locate or expand in Florida. In order to qualify for consideration under the program, an applicant must:

- Derive not less than 60 percent of its Florida gross receipts from United States Department of Defense, United States Department of Homeland Security or space flight business contracts or subcontracts in the applicant's last fiscal year and not less than an average of 60 percent over the five years preceding the date an application is submitted;
- Demonstrate that the jobs created or retained make a significant economic contribution to the area economy;
- For contract or subcontract consolidation projects an increase in employment of at least 25 percent or create at least 80 new Florida jobs; for defense production conversion projects a net increase in nondefense production jobs; for reuse projects a creation of at least 100 jobs;
- Pay an average wage of at least 115 percent of the state, metropolitan statistical area (MSA), or the local average wages. For a project located in a rural city, rural county or in an enterprise zone, the wage requirement may be waived in special circumstances. A rural city means a city with population of 10,000 or less (or less than 20,000 with prior approval). A rural county means a county with population of 75,000 or less;
- Demonstrate that the tax refund is necessary to allow the business to compete for the new contract or subcontract or make the consolidation; and
- Provide a resolution from local government indicating the 20 percent required for local financial support will be available each year as refunds are due. (Projects located in designated Rural Economic Development Initiative counties may exercise an exemption to the local financial support requirement and accept a 20 percent reduction in refunds.)

## Application Process

- EFI staff will shepherd businesses and communities through the entire application process, ensuring that the company and community understand what is required for a complete, effective application.
- EFI reports its evaluation of the application and recommendation to the Director of the Office of Tourism, Trade and Economic Development who makes the final decision on the project. The law allows a total of 90 days to evaluate the completed application.

## Approval Process

- OTTED's approval or disapproval of the application is in the form of a Letter of Certification.
- If the application is approved, the Letter of Certification will indicate the amount and schedule of tax refunds approved, as well as the number of jobs and average wage rate for the project jobs. These must be the same as stated in the application.
- Once the QDC application is approved, the business will begin working directly with OTTED to finalize the tax refund agreement.

## Refund Process

- The business submits a claim each year for the scheduled tax refund and the community must pay its local match into the Economic Development Trust Fund.
- If all the terms of the tax refund agreement are met, then OTTED pays the refund.

Statutory Reference: [Section 288.1045, Florida Statute](#)

